



***INDO TECH
TRANSFORMERS LIMITED***

**Annual Report
2009 - 10**

**Annual General Meeting on
Friday, the 23rd July 2010
At Pleasant Days (Resort),
At 12.15 P.M.**

CONTENTS

	Page
Company Information	2
Annual General Meeting Notice	3
Directors' Report	6
Report on Corporate Governance	9
Management Discussion & Analysis	13
Certification by Chief Executive Officer / Chief Financial Officer	15
Declaration on Code of Conduct	15
Auditors' Certificate on Corporate Governance	16
Auditors' Report	17
Balance Sheet	20
Profit and Loss Account	21
Schedules forming part of the Balance Sheet	22
Schedules forming part of the Profit and Loss Account	27
Significant Accounting Policies and Notes on Accounts	29
Cash Flow Statement	36
Balance Sheet Abstract	37

Board of Directors

Jorge Lozano
Chairman

Jorge Sepulveda
Director

Kishore Jayaraman
Director

Arun Bhalla
Director

Arun Srivastava
Director

M. S. Srinivasan
Director

Chief Executive Officer

Manuel Hernandez

Chief Financial Officer

S. Nagarajan

Financial Controller & Company Secretary

N. Nambi Rajan

Auditors

G. Balu Associates

Registered Office

DP:36 SIDCO Industrial Estate
Thirumazhisai
Chennai 600 124

Works

- 1) DP:14-19 SIDCO Industrial Estate,
Thirumazhisai
Chennai 602 124
- 2) DP:36 SIDCO Industrial Estate,
Thirumazhisai
Chennai 602 124
- 3) VII/222, Koyyamarakkad
Kanjikode, Palakkad 678 621
- 4) Survey No.153-210
Illuppapattu Village
Near Rajakulam
KM.64 Chennai Bangalore Highway
Kancheepuram District
Tamil Nadu

Registrars**Link Intime India Private Limited**

C-13 Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai - 400 078.
Telephone : 022-2596 3838 / 2594 6970
Fax : 022-2594 6969 / 2596 2691
E-mail : rnt.helpdesk@linkintime.co.in

Bankers

Bank of Baroda
State Bank of India
Standard Chartered Bank
Citibank N. A.
The Hongkong & Shanghai Banking Corporation Limited
HDFC Bank Limited

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Company will be held at Pleasant Days Resort, Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai 602103 on Friday, the 23rd July 2010 at 12.15 pm to transact the following business:-

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Kishore Jayaraman, who retires by rotation, being eligible offers himself for re-appointment.
3. To appoint Director in place of Mr. Arun Bhalla, who retires by rotation, being eligible offers himself for re-appointment

Special Business:

Appointment of Auditor

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s BSR and Co, Chartered Accountants and for whom the Company had received a notice under Section 225 of the Companies Act, 1956 from a member proposing their appointment as auditor, be and is hereby appointed as statutory auditor of the Company, in place of retiring auditors M/s G Balu Associates, Chartered Accountants, till the conclusion of the 19th Annual General Meeting of the Company on such remuneration and out of pocket expenses as may be decided by the Board.

By Order of the Board

Place: Chennai
Date : 14th May, 2010

N. Nambi Rajan
Financial Controller and
Company Secretary

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to Special Business to be transacted at the meeting, is annexed hereto.
3. The Register of members of the Company will remain closed from 20th July 2010 to 23rd July 2010, both days inclusive.
4. The members holding shares in the dematerialized mode are requested to intimate all changes with respect to their address, bank details, mandate, nomination, power of

attorney, etc. to their depository participant (DP). These changes will be automatically reflected in the Company's records, which will help the Company to provide efficient and better service to members.

5. The letter received from a member proposing the appointment of M/s BSR and Co, Chartered Accountants as Auditors in place of retiring auditor is available for inspection every day during business hours till the date of the forthcoming Annual General Meeting.

6. REQUEST TO SHAREHOLDERS

- i) Shareholders are advised to bring their copy of the Annual Report as copies of the Annual Report will not be distributed at the venue of the Annual General Meeting.
- ii) Shareholders may kindly note that no gift/coupon will be distributed at the Annual General Meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

In terms of the provisions of Sec. 225 of The Companies Act 1956, notice has been received from a member proposing the appointment of M/s BSR and Co, Chartered Accountants as auditors of the company in place of the retiring auditors, M/s G Balu Associates, Chartered Accountants.

A copy of the notice proposing the appointment and eligibility letter received from M/s BSR and Co are available for inspection of the members till the date of annual general meeting during business hours.

The Board of Directors recommends the appointment of M/s BSR and Co, Chartered Accountants, as Auditors of the company.

None of the Directors of the Company is interested or concerned in the subject.

By Order of the Board

N. Nambi Rajan

Place : Chennai
Date : 14th May, 2010

Financial Controller and
Company Secretary

Profile of Directors being re-appointed as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges

Particulars	Mr Kishore Jayaraman	Mr Arun Bhalla
Date of Birth	22 nd January 1965	23 rd May 1951
Date of Appointment	18 th May 2009	18 th May 2009
Qualification	M.E., M.B.A.	M.E., PGDM
Expertise in specific functional areas	Has more than 20 years of industry experience and is the President & CEO of GE Energy, India Region	Has more than 34 years industry experience and is the Chief Executive, Power Business Development, Shree Cement Ltd. He was the Executive Director of PTC India Limited and has also been associated with BHEL, Nelco, CGEE-Alstom, Tata Honeywell and Hyundai Unitech Electrical Transmission Limited at various levels of responsibilities in the area of Project Management, Marketing, Business Development and General Management
Directorships held	None	None
Membership of Committees	None	None

FINANCIAL HIGHLIGHTS

Rs. in Lakhs

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Gross Sales & Other Income	11182	24157	23153	19115	11233	8175
Net Sales & Other Income	10001	21100	19345	15859	9352	6803
Earnings before Depreciation, Interest and Tax (EBDIT)	(533)	6593	6123	4225	1809	1230
Depreciation	387	392	174	114	85	86
Profit After Tax	(803)	3897	3902	2621	1106	797
Equity Dividend %	—	124	60	45	20	20
Dividend Payout	—	1317	637	478	212	56
Equity Share Capital	1062	1062	1062	1062	1062	282
Reserves and Surplus	12735	13574	11218	8065	6075	2111
Net Worth	13797	14636	12280	9127	7137	2393
Gross Fixed Assets	9381	9501	9219	4574	2041	1677
Net Fixed Assets	7940	8212	8313	3826	1344	1063
Total Assets	14885	16632	14155	9971	7501	2786

KEY INDICATORS

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Earnings per Share - Rs.	(7.56)	36.69	36.71	24.00	14.34	28.29
Turnover per share - Rs.	105.29	227.47	218.00	179.99	105.77	290.21
Book value per share - Rs.	129.92	137.81	114.76	85.07	66.33	84.90
Debt : Equity Ratio	0.07:1	0.10:1	0.12:1	0.07:1	0.03:1	0.09:1
EBDIT / Gross Turnover	-5%	27%	26%	22%	16%	15%
Net Profit Margin	-8%	18%	20%	17%	12%	12%
RONW	-6%	27%	32%	29%	15%	33%
ROCE	-3%	35%	28%	27%	15%	33%

DIRECTORS' REPORT

Your Directors present the 18th Annual Report on the business and operations of your Company together with the Audited Statement of Accounts and the Auditor's Report for the financial year ended 31st March, 2010.

FINANCIAL RESULTS (Rupees in Lakhs)

	Year ended March 31, 2010	Year ended March 31, 2009
INCOME		
Gross Sales & Other Income	11,181.65	24,157.17
Gross Profit / (Loss) before depreciation & tax	(766.65)	6,312.37
Depreciation	386.53	391.71
Profit / (Loss) before tax	(1,153.18)	5,920.66
Provision for tax inc. deferred tax and FBT	(350.13)	2,023.58
Income tax of earlier year	0.36	-
Balance of profit of earlier years	7,816.88	5,960.79
Balance available for appropriation	6,978.19	9,857.59
APPROPRIATIONS		
General Reserve	-	500.00
Dividend	-	1,316.91
Tax on Dividend	-	223.80
Balance carried to Balance Sheet	6,978.19	7,816.87

OPERATIONS AND PERFORMANCE

The year under review has been a challenging year for your Company. The cumulative effect of postponement of customer projects, cost increases, pricing pressures had a negative impact on the financials of your Company. Further, your Company was impacted by the lower order intake from Tamil Nadu Electricity Board partly due to your Company being classified as a Medium Scale Industry.

The current order backlog is Rs.95 crores. During the year, your Company was successful in securing orders for 160MVA transformers as well as concluding a rate contract with a leading T&D projects company for supply of transformers for its various projects over a two year period.

The qualifications made by the Auditors for the year ended 31st March 2009 have been resolved as below:

SI No	Qualification	Action Taken
1	Confirmation from Customers and Vendors.	During the year, the company has sent confirmation of balance requests (responses directly to statutory auditors) to all customers and vendors as on 31-Dec-09 and has received responses which are under reconciliation.
2	Properties not registered in the Company's name.	The matter is under correspondence with SIDCO and discussions are ongoing. The Company is confident of a early resolution
3	Demand from JDJFT for non compliance of export obligations.	The Company has taken up the matter with JDGFT and is awaiting response from JDGFT
4	Signing of Accounts by Managing Director u/s 215 of the Companies Act.	No action

DIRECTORS

At the 18th Annual General Meeting Mr. Kishore Jayarman and Mr. Arun Bhalla retire by rotation and being eligible offer themselves for re-appointment.

The above re-appointments form part of Notice of the forthcoming 18th Annual General Meeting and the respective resolutions are recommended for your approval.

Profiles of these Directors as required by Clause 49 of the Listing Agreement are given in the Notice of the 18th Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that;

- 1) in the preparation of the annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2009-10 and of the Profit & Loss Account of the Company for the year under review;

- 3) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- 4) the Directors had prepared the accounts for the financial year ended 31st March 2010 on a 'going concern' basis.

CORPORATE GOVERNANCE

Your Company is committed to good corporate governance aligned with the best corporate practices.

A separate Report on Corporate Governance along with Auditor's Certificate on Compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is provided as a part of this Annual Report, besides the Management Discussion and Analysis.

Consequent to the change in management, your Company is in the process of identifying the right person for Manager/Managing Director.

AUDITORS

The retiring auditors of your Company, M/s. G. Balu Associates, Chartered Accountants, have expressed their desire not to be reappointed as Auditors. The Company has received a notice from one of the members proposing the appointment of BSR and Co, Chartered Accountants as the Auditors of your Company. Your Board recommends the appointment of BSR and Co, Chartered Accountants as Auditors of the Company.

FIXED DEPOSITS

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information as prescribed under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in a separate annexure [Annexure "I"], which forms part of this Report.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of sec. 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975, as amended forms part of this Report. However as per the provisions of sec. 219(1)(b)(iv) of the Companies Act 1956, this Report and Accounts are being sent to all the members of the company excluding the Statement of Particulars of Employees under sec. 217(2A) of the Companies Act 1956. Any member interested in obtaining copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENTS

Your Directors express their appreciation of the continued cooperation of Governments and Government agencies, bankers, customers, suppliers and also the valuable assistance and guidance received from Xignux, General Electric Company and Prolec-GE and all the shareholders. Your Directors also wish to thank all employees for their contribution, support and continued cooperation during the year.

For and on behalf of the Board of Directors
INDO TECH TRANSFORMERS LIMITED

Jorge Lozano
Chairman

Jorge Sepulveda
Director

Place: Chennai
Date : 14th May, 2010

ANNEXURE I TO DIRECTORS' REPORT

Information as required under Section 217(1)(e) of the Companies Act, 1956.

A. CONSERVATION OF ENERGY

Your Company is not a power intensive industry and hence the scope for conservation of energy is not much. However the following energy saving measures have been carried out.

- a) The Company has been regularly striving to conserve use of electrical energy by implementation of energy audit and energy conservation measures. Process procedures have been optimized to reduce energy consumption per unit/rupee of production.
- b) The fluorescent lights at the Plant have been fitted with electronic ballast for higher efficiency and conservation of energy.
- c) The design of the Distribution Transformer Plant and Open Ventilated Dry Type Transformer plant at Thirumazhisai and Large Power Transformer Plant in Kancheepuram facilitates natural lighting during normal day shifts and is adequate for most of the operations resulting in saving in lighting costs.
- d) Sodium Vapour lamps in Thirumazhisai Power Transformer Plant has been entirely replaced with Metal Halide lamps for better efficiency/economy.
- e) Large Power Transformer Plant at Kancheepuram
 - i. Vapour Phase Drying is an advancement on the drying method for transformer windings/coils. Instead of conventional drying, using steam or electricity, Shellsol or equivalent is used as a solvent in vapour phase drying. There is significant saving in drying time thus increasing productivity and quality. time thus increasing productivity and quality.
 - ii. Thermic fluid is used as the medium of heating and this thermic fluid is heated in boilers using furnace oil. When compared to conventional electric heating, this method of heating results in significant saving in the running cost.

- iii. Winding machines with variable drives are used which enables the machines to start at zero or minimum speed, avoiding jerks to the coil. Braking is also smooth. This ensures error free coil winding on the machines and also savings in energy consumed by the machines.
- iv. The 1600 KVA energy efficient transformer installed at the Kancheepuram Power Transformer Plant has laser scribed core to minimize core loss and increase efficiency.

B. TECHNOLOGY ABSORPTION

Research & Development:

1. Specific areas in which R&D is carried out by the Company.

In the OVDT plant, the Vacuum Pressure Impregnation (VPI) Plant has been designed such that a fine coat over the coils is obtained and consumption of varnish is reduced.

Benefits derived as a result of the above R&D:

The development and introduction of various components have contributed to reduction in production cost and improvement in quality. As a result, the Company has good scope in new market entry, cost reduction, better product performance and increased competitive ability and broader product profile.

2. Future plan of action:

All the above stated activities will be further accelerated and amplified to ensure conformance and further developments.

Modern plant and machinery have been installed such as winding machines and vapour phase drying ovens which will enable faster processing of transformers with less energy consumption.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of the Company during the year under review was Rs.105.53 lakhs and outgo was Rs.811.60 lakhs.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy is to aim at the highest levels of quality management through transparency and commitment to all the stakeholders viz. its shareholders, employees, Government, lenders and the promoters. Management ensures that its day to day business transactions are conducted in an open and honest manner.

BOARD OF DIRECTORS:

The Board of Directors provides the strategic direction and thrust to the operations of the Company. The Board has non-whole-time Chairman and five other Directors. Out of these, three members are Independent Directors.

Except Mr. Jorge Lozano and Mr. Jorge Sepulveda, all other Directors are liable to retire by rotation.

BOARD PROCEDURES:

The Company Secretary prepares the agenda in consultation with the Chairman of the Board of Directors and the Chairman of the various committees. The agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated well in advance of the meetings.

Attendance at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships/Memberships of Committees of each Director in various companies are stated below :

During the year under review, the Board of Directors met 4 times on 31st July, 2009, 4th Sept, 2009, 27th Oct, 2009, and 21st Jan, 2010.

Name of Directors	Type of Director	Board Meetings Attended	AGM Attended	No. of Committee Members Held	No. of other Directorships Held
Jorge Lozano	Non-Executive	3	Yes	-	-
Jorge Sepulveda	Non-Executive	3	Yes	-	-
Kishore Jayaraman	Non - Executive	4	Yes	-	-
Arun Bhalla	Independent	3	Yes	-	-
Arun Srivastava	Independent	4	Yes	-	-
M. S. Srinivasan	Independent	3	Yes	-	2

* The Directorships held by Directors as mentioned above, do not include Alternate Directorships, Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

* In accordance with Clause 49, Memberships/Chairmanships of only the Audit and Shareholders'/Investors' Grievance Committees of all Public Limited Companies [excluding Indo Tech Transformers Limited] have been considered.

BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT:

A brief resume of Directors seeking re-appointment at the Eighteenth Annual General Meeting is given as part of the Notice to the Eighteenth Annual General Meeting.

AUDIT COMMITTEE:

The Audit Committee consists of two Independent Directors and one Non-Executive Director viz.

Sl. No.	Name	Category of Membership
1	Mr. Arun Bhalla	Chairman
2	Mr. Arun Srivastava	Member
3	Mr. Jorge Sepulveda	Member

Mr. Arun Bhalla is the Chief Executive - Power Business Development in Shree Cements Ltd. He was formerly the Executive Director of PTC India Limited [formerly Power Trading Company of India Limited]. He has more than 34 years of industry experience and has been associated with BHEL, Nelco, CGEE-Alstom, Tata Honeywell and Hyundai Unitech Electrical Transmission Limited at various levels of responsibilities in the area of Project Management, Marketing, Business Development and General Management.

Mr. Arun Srivastava is the former Managing Director and Chief Executive Officer of Essar Power Limited and was on their Board for more that 12 years. Earlier, he was associated with the National Thermal Power Corporation Limited (NTPC).

Mr. Jorge Sepulveda is the Chief Financial Officer of Prolec-GE Internacional, S De R.L. De C.V., Nuevo Leon, Mexico and has more than 20 years of industry experience.

Mr. N. Nambi Rajan, Company Secretary, is the Secretary of the Audit Committee.

Terms of Reference: Clause 49 of the Listing Agreement lists the role of the Audit Committee. The gist of the terms of reference is as follows:

- Oversee Company's financial reporting process and disclosures.
- Recommend appointment/removal/remuneration and payment of other fees of the statutory auditors.
- Review with the management the quarterly and annual financial statements before submission to the Board.

- Review with the Management, performance of the Statutory and Internal Auditors.
- Review adequacy of internal control systems, internal audit department, reporting structure and frequency.
- Discussion with internal auditors of any significant findings and follow-up thereon.

The Attendance of Directors at the Audit Committee Meetings held during the year ended 31st March 2010 is given below:

Sl. No.	Members	Meetings	Meetings Attended
1	Mr. Arun Bhalla	3	2
2	Mr. Arun Srivastava	3	3
3	Mr. Jorge Sepulveda	3	2

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Shareholders/Investors Grievance Committee consists of three non-executive Director viz.,

Sl. No.	Name	Category of Membership
1	Mr. Kishore Jayaraman	Chairman
2	Mr. Jorge Lozano	Member
3	Mr. Jorge Sepulveda	Member

The Committee oversees the performance of investor grievances and recommends measures to improve the shareholders/investors service. Mr. N. Nambi Rajan, Company Secretary, is the Secretary of the Committee. The Committee met on 21st January 2010.

During the Financial Year ended 31st March 2010, a total of 14 complaints [most of them relating to non-receipt of Dividend Warrants] were received from the shareholders. All these complaints were resolved within the financial year.

The Attendance of Directors at the Shareholders/Investors Grievance Committee Meetings held during the year ended 31st March 2010 is given below:

Sl. No.	Members	Meetings Held	Meetings Attended
1	Mr. Kishore Jayaraman	1	1
2	Mr. Jorge Lozano	1	1
3	Mr. Jorge Sepulveda	1	1

REMUNERATION COMMITTEE:

A new Remuneration Committee will be constituted at an appropriate time.

The Independent Directors are not paid commission over and above the sitting fees. They are paid Sitting Fees of Rs.20,000 for attending a meeting of the Board or Committee thereof. Non-executive Directors have waived receiving sitting fees for both the Board and Committee meetings.

Details of Sitting fees paid to Independent Directors during the financial year 2009-10:

Rs.

Sl.No.	Name	Board Meeting	Audit Committee	Share holders' Grievance Committee	Remuneration Committee
1.	Mr. Arun Bhalla	60,000	40,000	—	—
2.	Mr. Arun Srivastava	80,000	60,000	—	—
3.	Mr. M. S. Srinivasan	60,000	—	—	—

General Meetings:

The particulars of Annual General Meetings held during the last three years are as under:

Year	Date and Time	Venue
2009	4th September 2009 at 12.00 Noon	Pleasant Days Resort Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam Chennai 602 103
2008	30th July 2008 at 11.30 A.M.	Pleasant Days Resort Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam Chennai 602 103
2007	30th July 2007 at 11.30 A.M.	Pleasant Days Resort Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam Chennai 602 103

The particulars of Extra-Ordinary General Meetings held during the last three years are as under:

Year	Date and Time	Venue
2009	12th January 2009 at 11.00 A.M.	Pleasant Days Resort Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam Chennai 602 103
2006	2nd January 2006 at 11.00 A.M.	DP-36, SIDCO Industrial Estate, Thirumazhisai, Chennai 602 107
2005	10th October 2005 at 11.00 A.M.	DP-36, SIDCO Industrial Estate, Thirumazhisai, Chennai 602 107

Five Special Resolutions were passed by the Company in the General Meeting held in 2006 by show of hands. No Special Resolutions were passed at the aforesaid General Meetings necessitating postal ballot.

Disclosures:

- a. Related Party Transactions: Disclosure on transaction(s) with related party as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India has been incorporated in the Notes to the Accounts.
- b. There are no instances of non-compliance with Stock Exchange or SEBI regulations, nor any cases of penalties or strictures imposed by any Stock Exchange or SEBI or any statutory authority for any violation related to Capital Markets during the last three years.
- c. The Company has complied with the requirements of the Listing Agreement with the Stock Exchanges as well as with the Regulations of the Securities and Exchange Board of India.
- d. The Company affirms that no employee has been denied access to the audit committee.

Means of Communication:

The Quarterly Financial Results are published in English and vernacular newspapers. These results are generally published in the All India editions of The Economic Times and Makkal Kural. The results are also posted on SEBI's website www.sebiedifar.nic.in. and the Company's website www.indo-tech.com

Management Discussion and Analysis Report:

The Management Discussion and Analysis (MDA) giving an overview of the Company's business and its financials is provided separately as part of this Annual Report.

Code of Conduct:

The code of Conduct for all the members of the Board and senior management of the Company has been posted on the website of the Company: www.indo-tech.com

Shareholders' Information:

1. Annual General Meeting

Date : 23.07.2010
 Time : 12.15 P.M.
 Venue : Pleasant Days Resort
 Chennai-Bangalore Trunk Road
 Palanjur, Sembarambakkam
 Chennai - 602 103.

2. Financial Calendar

April to March

3. Book Closure Date

July 20 to July 23, 2010

4. Financial Calendar (tentative)

Results for the quarter ending June 30, 2010 -
 Last week of July 2010

Results for the quarter ending September 30, 2010 -
 Last week of October 2010

Results for the quarter ending December 31, 2010 -
 Last week of January 2010

Results for the quarter ending 31st March, 2011 -
 Last week of May 2011

Annual General Meeting - Last week of July 2011

5. Listing of Shares on Stock Exchanges

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Stock Code :

BSE SCRIP CODE	NSE SYMBOL
532717	INDOTECH

The ISIN No. is INE332H01014.

6. Status of Listing Fees

The Company has paid Listing Fees for the year 2010-2011 to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited within the stipulated time.

7. Stock Price Data

Month	NSE		BSE	
	High	Low	High	Low
April 2009	336.80	269.10	335.00	271.00
May 2009	327.00	221.50	328.00	221.00
June 2009	360.00	263.05	358.60	263.00
July 2009	300.00	231.00	297.95	231.55
August 2009	329.40	230.00	329.00	231.00
September 2009	326.80	253.90	326.00	274.00
October 2009	319.00	258.00	319.90	260.00
November 2009	350.35	251.00	350.00	253.00
December 2009	377.70	300.05	377.70	322.50
January 2010	369.00	261.10	369.00	261.10
February 2010	337.70	255.00	337.65	260.30
March 2010	323.40	285.25	322.90	285.00

Note : The Equity Shares of the Company were listed on NSE and BSE on 16th March, 2006.

8. Registrar and Share Transfer Agents

Link Intime India Private Limited
 (Formerly Intime Spectrum Registry Limited)
 C-13 Pannalal Silk Mills Compound
 L.B.S. Marg, Bhandup (West), Mumbai 400 078
 Phones : 91-22-25960320-28
 Fax : 91-22-25946969/25960329
 e-mail : isrl@linkintime.co.in

9. Shareholding Pattern as on 31.03.2010

Category	No. of Shares	Percentage
Foreign Company	7,895,625	74.3468
Mutual Funds	83,650	0.7877
Financial Institutional Investors	1,350	0.0127
Private Corporate Bodies	491,052	4.6238
Public	2,019,400	19.0151
Foreign Nationals	24	0.0002
NRI's	57,171	0.5383
Clearing Members	70,728	0.6660
Trust	1,000	0.0094
Total	10,620,000	100.0000

10. Share Transfer

In accordance with the Listing Agreements with the Stock Exchanges, the Board has authorized the CEO, CFO and the Company Secretary and Chief Compliance Officer, to severally approve share transfers, transmissions, splits, sub-division, consolidation, remat or replace any share certificate(s) and also to issue duplicate share certificate(s) in addition to resolving investor complaints received, if any.

12. Shareholding Summary

Category	No. of Holders	Total Shares	% to Equity
Physical	3	1,556	0.0147
NSDL	11,493	9,899,527	93.2159
CDSL	4,406	718,917	6.7694

13. Plant locations

Survey No 153-210 Illuppapatu Village, Near Rajakulam KM 64, Chennai- Bangalore Highway Kancheepuram District Tamil Nadu	DP 36 SIDCO Industrial Estate, Thirumazhisai Chennai 600 124
DP 14-19 SIDCO Industrial Estate Thirumazhisai Chennai 600 124	VII/222 Koyyamarakkad Kanjikode Palakkad 678 621

14. Address for Correspondence

The Company Secretary
Indo Tech Transformers Limited
DP:36 Sidco Industrial Estate
Thirumazhisai
Chennai 600 124
Phone : 91-44-30289830/9833
Email : investor@indo-tech.com

15. Distribution Schedule as on March 31, 2010.

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% of Shareholding
1 to 5000	15,327	96.3841	1,005,525	9.4682
5001 to 10000	292	1.8362	236,106	2.2232
10001 to 20000	160	1.0062	237,729	2.2385
20001 to 30000	42	0.2641	106,724	1.0049
30001 to 40000	20	0.1258	72,319	0.6810
40001 to 50000	11	0.0692	51,508	0.4850
50001 to 100000	22	0.1383	159,737	1.5041
Greater than 100000	28	0.1761	8,750,352	82.3950
TOTAL	15,902	100.0000	106,200,000	100.0000

16. Market price Indices : High/Low of company's share price vis-à-vis Nifty Index on the National Stock Exchange of India Limited, Mumbai, during the period April 2009 to March 2010 is furnished below:

Month	Share Price		Nifty Index	
	High	Low	High	Low
April 2009	336.80	269.10	3517.25	2965.70
May 2009	327.00	221.50	4509.40	3478.70
June 2009	360.00	263.05	4693.20	4143.25
July 2009	300.00	231.00	4669.75	3918.75
August 2009	329.40	230.00	4743.75	4359.40
September 2009	326.80	253.90	5087.60	4576.60
October 2009	319.00	258.00	5181.95	4687.50
November 2009	350.35	251.00	5138.00	4538.50
December 2009	377.70	300.05	5221.85	4943.95
January 2010	369.00	261.10	5310.85	5167.10
February 2010	337.70	255.00	4992.00	4757.25
March 2010	323.40	285.25	5329.55	4935.35

Adoption of Non-Mandatory Requirements of Clause 49

- The Company complies with the following non-mandatory requirements stipulated under Clause 49.

Whistle Blower Policy:

The Company has a whistle blower mechanism wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management. The confidentiality of those reporting violations shall be maintained and they shall not be subjected to any discriminatory practices.

For and on behalf of the Board

Jorge Lozano **Jorge Sepulveda**
Chairman Director

Place: Chennai
Date : 14th May, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to statements about the company's strategy for growth, product development, market position, expenditures, and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

INDUSTRY

The Indian economy grew at a moderate pace through the stimulus packages of the Government of India to counter the global recession of the last couple of years. The signs of recovery was seen from the response of the stock market with Nifty growing from 3,474 points to 5,249 points in the year 2009-10. The private sector remained cautious about new investments resulting in postponement of projects and holding back non-essential investments.

Power Generation is one of key drivers of T&D industry. As per latest estimates, the country is expected to add approximately 50GW of power generation as against the original target of 90GW and revised target of 78GW in the Eleventh Plan period. However, the country is also plagued by high power shortages leading to load shedding by several state utilities. One of the key indicators of power shortage is the insufficient T&D network. The state utilities also suffer from T&D losses as high as 40% which has put a heavy financial burden on them. T&D losses in India continue to be among the highest in the world and a main concern in the development of power sector. The Government through the R-APDRP program and Rural Electrification program is striving to increase the distribution reach of the utilities. This will result in a growing demand for different categories of transformers.

OPPORTUNITIES, THREATS AND RISKS

The Company, a key player in the transformer industry, hitherto predominantly South Indian based, is in the process of expanding its presence not only across India and but also globally through General Electric Company's sales and distribution network. The company's plant at Kancheepuram has facilities to manufacture higher rating transformers upto 400 kVA and has been successful in manufacturing 160 kVA transformers to one of the north India state utility. Further with support from the holding company, Prolec GE, the

company is expected to strengthen its process of manufacture and delivery of products leading to customer satisfaction, improved quality of products and better brand recognition.

Our results of operations could potentially be affected by the following factors:

- Any discontinuity or delay in power reforms, particularly distribution reforms, would have an adverse impact on the growth as well as the order inflows.
- Current volatility/fluctuations prevailing in the price of key raw materials could have a material impact on the profitability of transformer manufacturers. However, orders from SEBs and some of the EPC's are more risk averse, as the contracts are inbuilt with a price escalation clause. However, for industrial orders, this will definitely have a material impact.
- Aggressive competition and pricing pressures leading to lower margins
- Stringent specification requirements of customers resulting in higher material cost
- Delays in Project implementation

PRODUCT PERFORMANCE

1. Revenues

Our revenues comprise of Sale of Transformers and Other income. The following table shows our revenue for last three fiscals ended March 31, 2010 :

(Rs. in lakhs)			
Sources of Revenue	FY2010	FY2009	FY2008
Sale of Transformers	10,890.74	23,730.97	22,794.48
Other Income	290.91	426.20	358.46
Total Revenue	11,181.65	24,157.17	23,152.94

We derive our revenues primarily from sale of transformers manufactured to State Electricity Boards, EPC Contractors, Industries etc.

2. Expenditure

The following table shows our expenditure for last three fiscals ended March 31, 2010:

(Rs. in lakhs)			
Expenditure Head	FY2010	FY2009	FY2008
Manufacturing Expenses	8,013.96	12,474.24	11,497.59
Employees Remuneration	1,068.36	804.25	679.45
Administration and other expenses	1,550.74	1,231.32	1,044.25
Preliminary Expenses	—	—	—
Interest and Finance Charges	233.41	280.90	137.39
Depreciation	386.54	391.70	174.44
Total	11,253.01	15,179.39	13,533.12

BUSINESS OVERVIEW AND OUTLOOK

The total demand for transformers based on the growth projections for additions to the power generation capacities in the Eleventh Plan and the Government's willingness to allow more power plants to be set up in the private sector will support the growth of the transformer business. In addition, the focus on non-conventional energy will lead to more wind and solar power generation fuelling the growth for transformers. With your Company poised to make rapid inroads in the higher range of transformers, it will be well positioned to take advantage of the additional demand for transformers.

RISK AND INTERNAL CONTROLS

The CEO/CFO certification provided in the report discusses the adequacy of our internal control systems and procedures.

The Company has an independent Internal Auditor for periodically carrying out audit of the transactions of the Company in order to ensure that recording and reporting are adequate and proper. The Internal Auditors independently evaluate the adequacy of internal controls to ensure that internal controls, checks and balances in the system are adequate, proper and up-to-date. Remedial measures are suggested by them to mitigate the risks identified during the course of the audit assignments and action plans ensure implementation of such suggestions. Safeguarding of assets and protection against unauthorized use are also part of these exercises.

FINANCIAL AND OPERATIONS PERFORMANCE

The financial performance of your Company was severely affected by the combined impact of increases in input costs, delays in projects as well as complying with stringent design specifications of the customers. The Company is fully focused on reducing the input costs and is using the expertise of its parent company.

Financial Results

Particulars	(Rs. in lakhs)	
	Year ended 31-Mar-10	Year ended 31-Mar-09
Total Revenue	11,181.65	24,157.17
Operating Profit (EBDIT)	(533.25)	6,593.27
Profit Before Tax (PBT)	(1,153.18)	5,920.66
Profit After Tax (PAT)	(803.04)	3,897.08

HUMAN RESOURCES

Your Company's Human Resource function is committed to making Indo Tech a model employer by setting benchmarks in shaping the culture, development of managers and employees and helping them to set and execute exacting standards and business objectives. It is focused on development of leadership and technical skills of all level of employees. It has undertaken several initiatives during the year, which have contributed to improvements in recruitment, training, retention and development of talent.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER

We hereby certify that for the financial year ending 31st March 2010, on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ending 31st March 2010, which are fraudulent, illegal or in violation of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and have taken the required steps to rectify these deficiencies.
5. We further certify that:-
 - (a) There have been no significant changes in internal control during this year.
 - (b) There have been no significant changes in accounting policies during this year.
 - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system.

Place : Chennai
Date : 14th May, 2010

S. Nagarajan
Chief Financial Officer

Manuel Hernandez Bravo
Chief Executive Officer

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for all Board members and senior management of the Company. The Code has been hosted on the Company's website www.indo-tech.com.

We confirm that the Company has in respect of the financial year ended 31st March 2010, received from the Members of the Board and the senior management team of the Company a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means employees in the rank of Heads of functions.

Place : Chennai
Date : 14th May, 2010

For and On Behalf of the Board

Jorge Lozano **Jorge Sepulveda**
Chairman Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Indo Tech Transformers Limited

We have examined the compliance of conditions of Corporate Governance by Indo Tech Transformers Limited ("the Company") for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied, in general, with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **G. BALU ASSOCIATES**
Chartered Accountants

RAJAGOPALAN, B.
Partner
Membership No. : 217187
Firm Registration No. 000376 S

Place : Chennai
Date : 14th May, 2010

AUDITOR'S REPORT

To

The Members

INDO TECH TRANSFORMERS LIMITED

1. We have audited the attached Balance Sheet of INDO TECH TRANSFORMERS LIMITED ("the Company") as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement ("the financial statements") for the year ended on that date, annexed thereto, signed by us under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of accounts, as required by law, have been kept by the company so far as appears from the examination of those books.
- c. The financial statements dealt with by this report are in agreement with the books of accounts.
- d. In our opinion, the aforesaid financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e. On the basis of written representations received from the Directors as on March 31, 2010, and taken on record by the Board of Directors of the Company, we report that none of the directors is prima facie disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements read with the Statement on Significant Accounting Policies in Schedule "A" and Notes on Accounts in Schedule "B", give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010.
 - ii. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Chennai
Date : 14th May, 2010

For G. BALU ASSOCIATES
Chartered Accountants

RAJAGOPALAN, B.
Partner

Membership No. : 217187
Firm Registration No. 000376 S

ANNEXURE TO THE AUDITOR'S REPORT

01. FIXED ASSETS:

- a. The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets. The Company is in the process of updating the fixed Assets register.
- b. As explained to us, the fixed assets have been physically verified by the management, at reasonable intervals and no material discrepancies were noticed on such verification.
- c. The Company has not disposed off any substantial part of its fixed assets during the year.

02. INVENTORIES:

- a. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- b. As per the information given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c. The company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.

03. LOANS:

- a. According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b. According to the information and explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.

04. INTERNAL CONTROL SYSTEM:

In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of inventory and fixed assets and for sale of goods and services.

Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

05. CONTRACTS (or) ARRANGEMENTS:

In our opinion and according to the information and explanations given to us

- i. The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section, and
- ii. The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

06. PUBLIC DEPOSITS:

The Company has not accepted any deposits from the public and hence compliance with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable.

07. INTERNAL AUDIT SYSTEM:

In our opinion, the company has adequate internal audit system commensurate with its size and nature of business.

08. COST AUDIT RECORDS:

We have broadly reviewed the books of accounts and records maintained by the company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, in respect of power transformers and are of the opinion that prima facie the prescribed accounts and records have been maintained. The content of these accounts and records have not been examined by us.

09. STATUTORY DUES:

- a. According to the records produced and based on the information and explanations given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues, as applicable, with the appropriate authorities during the year.
- b. As per the books and records produced to us, there were no undisputed statutory dues outstanding for more than 6 months as at March 31, 2010.
- c. According to the information and explanations given to us and the records of the Company examined by us, the details of the statutory dues as at March 31, 2010, which have not been deposited on account of dispute, are as under:

Name of the Statute	Nature of the dues	Amount (In Rs.)	Forum where dispute is pending
The Customs Act, 1962	Customs Duty	14,17,317	CESTAT
The Service Tax, 1994	Service Tax, Interest & Penalty on GTA Services	1,59,253	Commissioner (Appeals)
The Central Sales Tax Act, 1956	Demand for the Financial Year 1996-97	4,41,618	High Court
The Central Sales Tax Act, 1956	Demand for the Financial Year 2000-01	2,23,430	Tribunal Authority
TNGST Act, 1959	Demand for the Financial Year 1996-97	15,607	Appellate Assistant Commissioner
Income Tax Act, 1961	Demand for the Assessment Year 2005-06	18,79,032	Commissioner (Appeals)
Income Tax Act, 1961	Demand for the Assessment Year 2006-07	63,34,963	Commissioner (Appeals)
The Industrial Disputes Act, 1947	Demand for incentive claimed by workers	1,11,182	High Court
Customs Act, 1944	Penalty for 2000-01	293,95,120	JD-GFT, Chennai

10. ACCUMULATED LOSSES:

The company does not have any accumulated losses as at March 31, 2010. The company has not incurred cash losses in the immediately preceding financial year, however it has incurred cash losses for the current financial year ended March 31, 2010.

11. DUES TO FINANCIAL INSTITUTIONS/BANKS:

The company has not defaulted in repayment of dues to any financial institutions/ bank/ debenture holders during the year.

12. LOANS BY PLEDGE OF SHARES:

According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. CHIT FUND COMPANY:

The provisions of any special statute applicable to a chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

14. TRADING IN SHARES-COMPANY:

According to the information and explanations given to us, in our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. The company has invested its surplus funds in mutual funds. According to the information and explanations given to us, proper records have been maintained of the

transactions and contracts and timely entries have been made therein. The investments in mutual funds have been held by the company in its own name.

15. GUARANTEES:

According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions.

16. TERM LOANS – APPLICATION:

In our opinion and according to the information and explanations given to us, the term loans availed by the Company were prima facie, applied for the purposes for which they were obtained.

17. BORROWED FUNDS-USAGE:

On an overall examination of the financial statements of the company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.

18. PREFERENTIAL ALLOTMENT OF SHARES:

The company has not made any preferential allotment of shares to the parties covered in the register maintained under Section 301 of the Companies Act, 1956.

19. DEBENTURES:

The company has not issued any debentures during the year.

20. PUBLIC ISSUE:

The Company has not raised any money through a public issue during the year.

21. FRAUD AND INTENTIONAL MISREPRESENTATION:

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, which have been relied upon by us, we report that no fraud on or by the company has been noticed or reported during the course of our audit for the year.

For G. BALU ASSOCIATES
Chartered Accountants

RAJAGOPALAN, B.
Partner
Membership No. : 217187
Firm Registration No. 000376 S

Place: Chennai
Date : 14th May, 2010

BALANCE SHEET AS AT 31st MARCH 2010

	Schedules	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	10,62,00,000	10,62,00,000
Reserves & Surplus	2	127,35,25,057	135,73,93,195
		137,97,25,057	146,35,93,195
Loan Funds			
Secured Loans	3	7,48,81,197	13,69,53,977
Unsecured Loans	4	2,14,25,314	1,51,25,471
		9,63,06,511	15,20,79,448
Deferred Tax Liability		1,25,17,791	4,75,31,243
		148,85,49,359	166,32,03,886
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	93,81,54,050	95,00,67,410
Less : Accumulated Depreciation		14,41,59,677	12,88,82,128
Net Block		79,39,94,373	82,11,85,282
Investments	6	1,40,76,320	48,96,82,846
Current Assets, Loans and Advances			
Inventories		21,79,69,817	13,34,53,196
Sundry debtors		28,13,54,799	38,25,79,632
Cash and bank balances		31,34,12,764	11,87,04,483
Loans and Advances		13,40,18,245	10,24,15,604
	(A)	94,67,55,625	73,71,52,915
Current Liabilities and Provisions			
Current Liabilities	8	25,95,46,012	37,09,04,260
Provisions		67,30,947	1,39,12,897
	(B)	26,62,76,959	38,48,17,157
Net Current Assets	(A) – (B)	68,04,78,666	35,23,35,758
		148,85,49,359	166,32,03,886

Notes to Accounts 18

The accompanying schedules form an integral part of the accounts

As per our report of even date attached

For and on behalf of the Board

for **G. BALU ASSOCIATES**
Chartered Accountants**RAJAGOPALAN, B.**
Partner
Membership No. 217187
Firm Registration No. 000376 SPlace : Chennai
Date : 14th May, 2010**Jorge Sepulveda**
Director**N. Nambi Rajan**
Financial Controller &
Company Secretary**Jorge Lozano**
Chairman**S. Nagarajan**
Chief Financial Officer

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010

	Schedules	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
INCOME			
Sales	9	98,09,02,298	206,73,85,985
Other Income	10	2,90,90,620	4,26,20,077
Increase/(Decrease) in WIP and Finished Goods	11	4,79,70,322	2,90,77,292
		<u>105,79,63,240</u>	<u>213,90,83,354</u>
EXPENDITURE			
Raw Materials Consumed	12	82,26,96,525	124,93,43,794
Manufacturing Expenses	13	2,66,70,051	2,71,56,946
Employee remuneration and benefits	14	10,68,46,848	8,01,23,727
Administrative Expenses	15	7,81,01,890	3,80,29,327
Selling & Other Expenses	16	7,20,65,506	6,32,03,188
Finance Charges	17	2,33,40,819	2,80,90,194
Loss on Sale of Assets		49,05,770	2,14,37,419
Diminution in Value of Investments		—	4,62,000
Depreciation		3,86,53,468	3,91,70,800
		<u>117,32,80,877</u>	<u>154,70,17,395</u>
Profit / (Loss) before tax		(11,53,17,637)	59,20,65,959
Provision for taxation			
– Income tax		—	19,00,00,000
– Fringe benefit tax		—	7,67,650
– Deferred Tax		(3,50,13,452)	1,15,90,025
Profit / (Loss) after tax		(8,03,04,185)	38,97,08,284
Tax relating to earlier years		(35,63,953)	(28,100)
Balance brought forward from previous year		78,16,87,393	59,60,78,722
Amount available for appropriation		69,78,19,255	98,57,58,906
Transfer To General Reserve		—	5,00,00,000
Dividend		—	13,16,91,136
Tax on Dividend		—	2,23,80,377
Balance carried to Balance Sheet		69,78,19,255	<u>78,16,87,393</u>
Basic and diluted Earnings per share		(7.56)	36.70

Note to Accounts 18

The accompanying schedules form an integral part of the accounts

As per our report of even date attached

for **G. BALU ASSOCIATES**
Chartered Accountants

RAJAGOPALAN, B.
Partner
Membership No. 217187
Firm Registration No. 000376 S

Place : Chennai
Date : 14th May, 2010

For and on behalf of the Board

Jorge Sepulveda
Director

N. Nambi Rajan
Financial Controller &
Company Secretary

Jorge Lozano
Chairman

S. Nagarajan
Chief Financial Officer

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2010

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
1 SHARE CAPITAL		
Authorised		
1,53,00,000 (1,53,00,000) Equity Shares of Rs.10/-each	15,30,00,000	15,30,00,000
Issued, Subscribed & Paid-up		
1,06,20,000 (1,06,20,000) Equity Shares of Rs.10/-each	10,62,00,000	10,62,00,000
Of the above		
(a) 6,87,740 Equity Shares were allotted as fully paid-up for consideration other than Cash.		
(b) 45,97,950 Equity Shares were allotted as fully paid by way of Bonus Shares.		
(c) 78,95,625 (Nil) shares held by Prolec-GE International, S de R.L de C.V, a Company incorporated under the law of Mexico	10,62,00,000	10,62,00,000
2 RESERVES & SURPLUS		
Capital Reserve	92,19,605	92,19,605
Share Premium Account	37,58,48,190	37,58,48,190
State subsidy received	15,00,000	15,00,000
General Reserve	18,91,38,007	13,91,38,007
Add: Transfer from Profit & Loss A/C	—	5,00,00,000
	18,91,38,007	18,91,38,007
Surplus in Profit & Loss A/c	69,78,19,255	78,16,87,393
	127,35,25,057	135,73,93,195
3 SECURED LOANS		
Term Loan from Bank	7,48,81,197	13,69,53,977
	7,48,81,197	13,69,53,977
Of the above Rs. 4,43,53,354 (PY Rs. 6,20,72,780) due within 12 months		
4 UNSECURED LOANS		
Interest Free Sales Tax Loan	1,29,51,332	1,46,61,571
Hire Purchase Loan	84,73,982	4,63,900
	2,14,25,314	1,51,25,471
Of the above, due within 12 months		
— Interest Free Sales Tax Loan	—	17,10,239
— Hire Purchase Loan	28,20,390	4,63,900

5. FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.09 Rs.	ADDITIONS Rs.	DELETIONS Rs.	AS AT 31.03.10 Rs.	AS AT 01.04.09 Rs.	FOR THE YEAR Rs.	DELETIONS Rs.	AS AT 31.03.10 Rs.	AS AT 31.03.10 Rs.	AS AT 31.03.09 Rs.
Land - Freehold	11,68,71,342	—	—	11,68,71,342	—	—	—	—	11,68,71,342	11,68,71,342
Buildings	36,81,06,604	4,28,665	25,80,000	36,59,55,269	2,92,50,123	1,21,61,089	4,10,083	4,10,01,129	32,49,54,140	33,88,56,481
Plant & Machinery	32,06,15,430	5,33,71,067	37,79,772	37,02,06,725	5,45,74,739	1,88,38,894	23,85,430	7,10,28,203	29,91,78,522	26,60,40,691
Wind Electric Generator	1,94,62,334	—	—	1,94,62,334	1,24,99,185	9,24,461	—	1,34,23,646	60,38,688	69,63,149
Office Equipments	1,56,64,165	53,21,654	4,52,717	2,05,33,102	50,68,138	29,83,160	1,99,360	78,51,938	1,26,81,164	1,05,96,027
Furniture & Fittings	2,05,19,711	8,60,040	27,112	2,13,52,639	41,81,829	12,80,045	20,230	54,41,644	1,59,10,995	1,63,37,882
Vehicles(**)	2,55,86,302	1,01,75,827	1,19,89,490	2,37,72,639	83,08,114	24,65,819	53,60,816	54,13,117	1,83,59,522	1,72,78,188
TOTAL	88,68,25,888	7,01,57,253	1,88,29,091	93,81,54,050	11,38,82,128	3,86,53,468	83,75,919	14,41,59,677	79,39,94,373	77,29,43,760
Capital Work in Progress	4,82,41,522	—	4,82,41,522	—	—	—	—	—	—	4,82,41,522
Previous Year	93,50,67,410	7,01,57,253	6,70,70,613	93,81,54,050	11,38,82,128	3,86,53,469	83,75,919	14,41,59,677	79,39,94,373	82,11,85,282
	92,19,49,676	10,06,60,361	7,25,42,627	95,00,67,410	9,06,89,344	3,91,70,800	9,78,016	12,88,82,128	82,11,85,282	83,12,60,332

(**) includes vehicles acquired under hire purchase scheme.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2010

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
6 INVESTMENTS -(Non-Trade)		
Current - Unquoted		
14,04,085.878 (13,46,720.280) Units of IDFC floating rate fund Rs. 10.015 each	1,40,61,920	1,34,87,404
– (20,00,999.677) Units of Birla Sun Life Liquid Plus Fund of Rs. 10.0068 each	–	2,00,23,603
– (3,38,26,569.950) Units of LICMF Savings Plus Fund of Rs. 10.00 each	–	33,82,65,700
– (1,75,530.412) Units of UTI Treasury Advantage Fund of Rs. 1000.2929 each	–	1,75,35,547
– (1,00,32,509.165) Units of Fortis Money Plus Fund of Rs. 10.0031 each	–	10,03,56,192
Long Term - quoted		
600 Equity Shares of Indian Overseas Bank of Rs.10/- each (Market Value Rs. 55,170/- [PY Rs. 26,700/-])	14,400	14,400
	1,40,76,320	48,96,82,846

PURCHASE AND REDEMPTION OF INVESTMENTS DURING THE YEAR 2009-10:

DESCRIPTION	2009-10				2008-09			
	ACQUISITION		REDEMPTION		ACQUISITION		REDEMPTION	
	NOS.	COST (Rs)	NOS.	VALUE (Rs)	NOS.	COST (Rs)	NOS.	VALUE (Rs)
Bharati AXA Liquid	–	–	–	–	20,291	2,02,90,956	20,291	2,02,90,957
Birla Sunlife Liquid Plus	–	–	20,26,350	2,02,77,283	60,35,233	6,03,93,373	40,34,234	4,03,69,771
Can Liquid Fund	16,12,155	2,00,00,000	16,18,818	2,00,84,831	50,28,523	5,04,91,402	50,28,523	5,04,91,402
DWS Insta Cash Plus Fund	–	–	–	–	40,17,985	4,02,72,023	40,17,985	4,02,72,025
Fortis Overnight Fund	–	–	1,01,08,300	10,11,14,335	1,00,32,509	10,03,56,192	–	–
IDFC Money Manager Fund	–	–	–	–	87,442	8,87,697	87,911	8,79,599
HDFCFloating Rate Income Fund	47,00,839	5,00,00,000	50,58,643	5,09,95,676	1,72,72,381	17,41,21,112	1,91,94,532	19,34,98,162
HDFC Liquid Fund	–	–	–	–	24,47,022	3,00,00,000	24,47,022	3,00,00,000
ICICI Prudential Mutual Fund	–	–	–	–	62,968	6,65,789	30,43,291	3,21,78,239
ING Vysya Liquid Plus Fund	–	–	–	–	1,44,47,896	14,45,75,011	1,82,74,058	18,28,49,258
JM Financial Mutual Fund	–	–	–	–	21,02,108	2,10,32,155	62,42,721	6,24,55,217
Kotak Mutual Fund	–	–	–	–	20,00,400	2,00,99,017	20,00,400	2,00,99,018
LIC MF Liquid Fund	36,42,954	400,00,000	40,35,790	4,03,57,903	5,72,84,381	57,28,43,806	3,44,15,767	34,41,57,672
LIC MF Saving Plus Fund	–	–	3,47,10,396	34,71,03,957	–	–	–	–
Mirae Asset Liquid Fund	–	–	–	–	60,895	6,09,79,809	60,895	6,09,79,809
Principal Floating Rate Fund	–	–	–	–	76,34,824	7,65,00,938	1,17,04,467	11,72,78,760
Reliance Money Manager Fund	–	–	–	–	20,51,959	3,50,79,272	20,51,959	3,50,79,272
Reliance Liquid Fund	26,16,568	4,00,00,000	40,280	4,03,26,076	30,144	3,01,78,611	30,144	3,01,78,611
SBI Magnum Insta Cash Fund	–	–	–	–	20,23,569	2,02,45,804	20,23,569	2,02,45,804
Sundaram BNP Paribas Liquid Fund	29,71,680	3,00,00,000	30,77,228	3,01,83,550	30,17,832	3,02,53,751	30,17,832	3,02,53,763
Tata Floater Fund	29,89,358	3,00,00,000	30,15,655	3,02,63,902	24,99,956	2,50,88,555	24,99,956	2,50,88,555
Tata Fixed Income Fund	–	–	–	–	24,90,955	2,50,88,555	24,90,955	2,50,88,555
UTI Mutual Fund	16,52,420	4,00,00,000	58,291	5,83,03,137	1,81,058	18,11,33,789	1,73,521	17,36,25,034

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2010

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
7 CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories		
Raw Materials & Consumables	10,52,10,827	6,56,74,997
Stores and Spares	13,10,469	-
Work in Progress	11,30,64,377	6,77,78,199
Goods-in-transit	26,84,144	-
	<u>22,22,69,817</u>	<u>13,34,53,196</u>
Less : Provision for non-moving stocks	<u>43,00,000</u>	-
	<u>21,79,69,817</u>	13,34,53,196
	<u>21,79,69,817</u>	<u>13,34,53,196</u>
Sundry Debtors		
Unsecured		
Debts outstanding for more othan six months		
— Considered good	3,05,32,664	6,32,69,967
— Considered doubtful	2,49,92,454	-
	<u>5,55,25,118</u>	<u>6,32,29,967</u>
Less : Provision for doubtful debts	<u>2,49,92,454</u>	-
	3,05,32,664	6,32,29,967
Other debts		
— Considered good	25,08,22,135	31,93,49,665
— Considered doubtful	4,49,126	16,88,027
	<u>25,12,71,261</u>	<u>32,10,37,692</u>
Less : Provision for doubtful debts	<u>4,49,126</u>	16,88,027
	<u>25,08,22,135</u>	31,93,49,665
	<u>28,13,54,799</u>	<u>38,25,79,632</u>
Cash & Bank Balance		
Cash in hand	1,00,674	4,60,999
Cheques on hand	39,13,355	-
Balances with scheduled banks:		
— In cash credit accounts	10,84,14,723	3,29,57,618
— In current accounts	34,07,285	16,99,219
— In fixed deposit accounts	19,75,76,727	8,35,86,647
	<u>31,34,12,764</u>	<u>11,87,04,483</u>
Loans and advances		
Unsecured		
Advances recoverable in cash or kind or for value to be received — considered good	8,81,91,800	9,09,98,419
Security and other deposits		
— Considered good	1,66,88,320	1,07,05,272
— Considered doubtful	-	-
	<u>1,66,88,320</u>	<u>1,07,05,272</u>
Less : Provision for doubtful deposits	-	-
	1,66,88,320	1,07,05,272
Advance tax	2,91,38,125	-
[Net of provision for Income Tax Rs. 36,38,50,000/- (previous year Rs. Nil)]		
Advance Fringe benefit tax	-	5,28,693
[Net of Provision for Income Tax Rs. 36,50,487/- (previous year Rs. 31,21,794)]		
Advance Wealth tax	-	1,83,220
[Net of Provision for Wealth Tax Rs. Nil (previous year Rs. 3,20,001)]		
	<u>13,40,18,245</u>	<u>10,24,15,604</u>

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2010

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
8 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	20,31,66,005	20,07,92,406
Supply Bills Discounted With Bank	—	7,66,72,402
Other Liabilities	2,70,75,332	3,06,29,940
Due to Directors	—	1,84,85,712
Advances from Customers	2,86,39,046	2,41,59,909
Creditors for Capital goods	—	1,96,15,618
Unclaimed Dividend	6,65,629	5,48,273
	<u>25,95,46,012</u>	<u>37,09,04,260</u>
Sundry Creditors include Rs. 28,55,116 (previous year Rs. Nil) due to Prolec-GE-International, S de R.L. de C.V - holding company		
Provisions		
Provision for Income Tax [Net of advance tax Rs. Nil (previous year Rs. 58,73,78,075)]	—	1,30,31,950
Provision for Wealth Tax [Net of advance tax Rs. 5,03,221 (previous year Rs. Nil)]	45,000	—
Provision for leave encashment	17,80,947	8,80,947
Provision for warranty	49,05,000	—
	<u>67,30,947</u>	<u>1,39,12,897</u>

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	For the year ended 31.03.2010 Rs.	For the year ended 31.03.2009 Rs.
9 SALES		
Gross Sales	108,23,12,452	2,34,62,86,043
Labour & Other receipts	67,65,189	2,68,11,124
	<u>108,90,77,641</u>	<u>237,30,97,167</u>
Less: Levies		
Excise duty	7,66,49,630	22,69,62,371
Sales Tax	2,91,46,959	7,04,02,239
Education Cess	23,78,754	83,46,572
	<u>10,81,75,343</u>	<u>30,57,11,182</u>
	<u>98,09,02,298</u>	<u>206,73,85,985</u>
10 OTHER INCOME		
Income from Power Generation	17,25,581	15,90,632
Dividend Received From Mutual Funds	1,34,04,124	2,45,34,172
Dividend Received on Shares	2,700	3,900
Insurance Claims Received	–	28,72,628
Exchange Rate Fluctuation (Net)	32,63,248	12,15,873
Miscellaneous Income	1,04,453	5,085
Interest income [Includes Rs. 14,53,744 (PY Rs. 23,40,228) tax deducted at source]	1,05,90,514	1,23,97,787
	<u>2,90,90,620</u>	<u>4,26,20,077</u>
11 INCREASE/(DECREASE) IN WIP AND FINISHED GOODS		
Work in Progress :		
Closing balance	11,30,64,377	6,77,78,199
Opening balance	6,77,78,199	3,87,00,907
	<u>4,52,86,178</u>	<u>2,90,77,292</u>
Goods in Transit		
Closing balance	26,84,144	–
Opening balance	–	–
	<u>26,84,144</u>	<u>–</u>
	<u>4,79,70,322</u>	<u>2,90,77,292</u>
12 RAW MATERIALS CONSUMED		
Opening Stock	6,56,74,997	7,45,30,059
Add: Purchases	86,35,42,824	124,04,88,732
	<u>92,92,17,821</u>	<u>13,15,018,791</u>
Less : Closing Stock	10,65,21,296	6,56,74,997
	<u>82,26,96,525</u>	<u>124,93,43,794</u>

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	For the year ended 31.03.2010 Rs.	For the year ended 31.03.2009 Rs.
13 MANUFACTURING EXPENSES		
Power & Fuel	1,42,53,527	1,36,93,430
Contract Labour	58,06,720	63,59,823
Factory Expenses	1,91,020	14,09,301
Freight Inwards	59,37,569	41,40,764
Rent - Factory Building	-	5,40,000
Repairs & Maintenance		
- Plant & Machinery	4,81,215	10,13,628
	<u>2,66,70,051</u>	<u>2,71,56,946</u>
14 EMPLOYEES REMUNERATION AND BENEFITS		
Salaries and Wages	9,29,53,280	6,90,09,713
Contribution to Provident and other funds	68,57,115	62,56,368
Staff Welfare	70,36,453	48,57,646
	<u>10,68,46,848</u>	<u>8,01,23,727</u>
15 ADMINISTRATIVE EXPENSES		
Travelling & Conveyance	96,00,216	63,96,702
Printing & Stationery	12,78,407	11,73,483
Rent - Office	1,49,018	1,28,000
Rates & Taxes	1,18,84,309	57,50,766
Insurance	32,55,414	20,87,468
Repairs & Maintenance		
- Buildings	72,19,726	1,34,331
- Others	90,88,806	1,10,48,872
Telephone & Postage	22,09,490	30,05,781
Professional Charges	2,44,06,040	50,31,110
Directors' Sitting Fees	4,00,000	5,60,000
General Expenses	83,18,572	21,73,316
Audit Fees : Statutory Audit	2,70,000	2,97,818
: Taxation Matters	8,273	88,978
: Other Services	13,619	1,52,702
	<u>7,81,01,890</u>	<u>3,80,29,327</u>
16 SELLING AND OTHER EXPENSES		
Agency Commission	2,61,34,182	4,13,45,047
Advertisement Expenses	10,31,882	18,75,697
Other expenses	1,11,33,621	22,91,171
Bad Debts written off	1,00,12,268	1,60,03,246
Provision for Bad Debts	2,37,53,553	16,88,027
	<u>7,20,65,506</u>	<u>6,32,03,188</u>
17 FINANCE CHARGES		
Interest on Fixed loans	1,22,64,656	1,43,20,317
Other financial expenses	1,10,76,163	1,37,69,877
	<u>2,33,40,819</u>	<u>2,80,90,194</u>

18. NOTES TO ACCOUNTS

A) Statement on Significant Accounting Policies

a. Basis of Preparation

The financial statements have been prepared under the accrual method of accounting on a going concern basis and statements are prepared in accordance with the applicable Accounting Standards as notified under the Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act, 1956 notified from time to time.

b. Fixed Assets

- a. Fixed Assets are stated at cost less accumulated depreciation. Cost comprises purchase price and any other attributable cost of bringing the asset to its working condition for its intended use.
- b. Fixed Assets are eliminated from Financial Statements, either on disposal or when retired from active use. The retired assets are disposed off immediately.
- c. Assets costing less than Rs.5,000 are fully depreciated in the year of purchase in accordance with Schedule XIV of The Companies Act, 1956.
- d. Depreciation is provided on straight-line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

c. Valuation of Inventories

Inventories are valued at lower of cost or net realizable value using the following cost formula.

- i) Raw materials, Stores and spares – Weighted Average method.
- ii) Work in progress – Material cost plus appropriate share of manufacturing overheads.
- iii) Finished goods – at lower of cost or net realizable value, including excise duty.
- iv) Goods-in-transit – at lower of cost or net realizable value.

d. Investments

Long term Investments are stated at cost less provision for diminution, other than temporary, if any. Current Investments are valued at lower of cost and fair value.

e. Revenue Recognition

Revenue is recognized as and when title to goods and risk of loss is transferred.

f. Employee Benefits

i. Short term benefits

All employee benefits payable wholly within 12 months of rendering service are classified as short-term employee benefits. Benefits such as salaries, wages, short term compensated absence

etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

ii. Post employment benefits

i) Defined contribution plans

The company's approved superannuation scheme and provident fund scheme are defined contribution plans. The company's contribution paid / payable under the scheme is recognized as expenses in the profit and loss account during the period in which the employee renders related service.

ii) Defined benefit plans

The company's gratuity scheme falls under the defined benefit plan and contribution are made to an approved fund under the Income-tax Act 1961. The present value of obligations is determined based on actuarial valuation using the projected unit credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations. The obligation is measured at the present value of the estimate future cash flows. The discount rates used on the deduction of the present value of obligation under defined benefit plan is based on the market yield rates as at the balance sheet date.

iii. Leave Wages

Liability for leave encashment is accounted for based on actuarial valuation. This is treated as long term benefit, since the employee has a right to avail leave any time during his service period.

g. Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. The company has no forward contracts.

h. Income Tax

- a) Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income-tax Act 1961 and based on the outcome of assessment/appeals.

- b) Deferred tax reflects the tax effects of timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.
- c) Deferred tax asset are recognized and carried forward only to the extent that there is reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized.

i. Provisions and Contingent Liabilities

- a) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if
- the company has a present obligation as a result of a past event;
 - a probable outflow of resources is expected to settle the obligation; and
 - the amount of obligation can be reliably estimated.
- b) Contingent liability is disclosed in the case of:
- A present obligation is arising from past event, when it is not probable that an outflow of resources will be required to settle the obligation;
 - A present obligation when no reliable estimate is possible;
 - A possible obligation from past event, unless the probability of outflow of resources is remote.
- c) Provisions and Contingent liabilities are reviewed at each balance sheet date.

B) Notes to Accounts

01) Secured Loans

- a) Term Loan from Standard Chartered Bank is secured by first and exclusive charge on Land (9.16 acres), Buildings, Plant & Machinery at Kancheepuram.
- b) Working capital facilities from Bank of Baroda, State Bank of India, Standard Chartered Bank and Citi Bank NA are primarily secured by hypothecation of inventories, book debts and are collaterally secured by paripassu charge on Land, Factory Buildings and Plant & Machinery of the Company and further secured by second charge on paripassu basis on Land (9.16 acres), Buildings, Plant & Machinery at Kancheepuram.

Subject to the above, the Working Capital facilities from The Honkong and Shanghai Bank Corporation

Limited are secured by paripassu charge with other banks on all movable fixed assets, immovable fixed assets & current assets.

02) Unsecured Loans

Interest free sales tax deferment loan shown under Un-secured loans is repayable in installments up to September 2012.

03) Fixed Assets:

- Registration of documents in the Company's name in respect of leased land measuring 0.132 acres at SIDCO Industrial Estate, Thirumazhisai is in process.
- In respect of the property at DP-36, SIDCO Industrial Estate, Thirumazhisai, the documents is in the process of execution.
- In respect of land and factory building at NIDA, Kanjikode, the General Manager, District Industries Centre, Palakkad had passed orders resuming the allotment. Pending determination of compensation, no provision has been made in the accounts against the book value of the property at Rs.27,89,583.

04) Confirmation of balances:

Confirmations have been received from certain debtors, creditors and for certain advances and deposits which are under reconciliation.

05) Export Obligations - Penalty:

A demand for a sum of Rs.29,395,120/- was raised in an earlier year, by JDGFT, Chennai, towards non compliance of certain export obligations. The Company has made a provision of Rs.7,500,000/- towards this. Any liability in excess of this provision will be met by the ex promoters as per the Share Purchase Agreement between the ex-promoters and Prolec GE International, S de R.L. de C.V, and hence no further provision is considered necessary.

06) Exchange Rate Fluctuations (Net) shown under Other Income, represents-

	2009-10	2008-09
	Rs.	Rs.
Exchange rate fluctuation Gains	34,38,983	52,67,258
Exchange rate fluctuation Losses	1,75,735	40,51,385
	32,63,248	12,15,873

07) Fixed deposits in Banks include Rs. 8,75,76,277/- (Rs.8,35,86,647/-) lien marked towards margin for guarantees and letter of credit issued by the Banks.

08) Estimated amount of contracts remaining to be executed on capital account not provided for is Rs. Nil. (Rs.Nil)

09) Managerial Remuneration

Particulars	AS AT 31.03.2010* Rs.	AS AT 31.03.2009 Rs.
Salary	3,85,555	31,60,000
Perquisites	23,042	7,90,709
Commission	–	1,84,85,712
	4,08,597	2,24,36,421

*for the period 1st April 09 to 18th May 09 and for the subsequent period, the Company has not appointed any managerial personnel.

Calculation of Managerial remuneration as per Section 198 read with Schedule XIII of the Companies Act, 1956.

	Rs.	Rs.
Profit after Tax	(8,03,04,185)	38,97,08,284
Add : Provision for Taxation	–	19,00,00,000
Provision for Doubtful debts	2,37,53,553	16,88,027
Deferred Tax liability	(3,50,13,452)	1,15,90,025
Fringe Benefit Tax	–	7,67,650
Managerial Remuneration	4,08,597	2,24,36,421
Loss on Sale of Assets	–	–
Profit on which commission is payable	(9,11,55,487)	61,61,90,407
Commission @ 1% each to Managing and Whole time Directors	–	1,84,85,712

10) Employee benefits:

Defined benefit plan:

The employees Gratuity fund scheme managed by Life Insurance Corporation of India is a defined Benefit plan. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit method which recognizes each period of service as giving raise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Disclosures for defined benefit plans based on actuarial reports as on 31st March 2010.

	Description	Funded Gratuity (Rs.)	
		31.3.2010	31.3.2009
(i)	Change in defined benefit obligation		
	Opening defined benefit obligation	79,85,860	64,99,554
	Current service cost	4,56,114	5,17,256
	Interest Cost	6,38,869	5,19,964
	Actuarial Loss/(Gain)	4,25,693	11,83,621
	Benefits Paid	26,38,195	7,34,535
	Closing defined benefit obligation	68,68,341	79,85,860
(ii)	Change in fair value of assets		
	Opening fair value of plan assets	84,80,049	70,45,981
	Expected return on plan assets	6,58,633	6,16,365
	Actuarial Loss/(Gain)	–	–

	Description	Funded Gratuity (Rs.)	
		31.3.2010	31.3.2009
	Contributions by employer	11,15,943	15,52,238
	Benefits paid	26,38,195	7,34,535
	Closing fair value of plan assets	76,16,430	84,80,049
(iii)	Amount recognized in the Balance Sheet		
	Present value of obligations as at year end	68,68,341	79,85,860
	Fair value of plan assets as at year end	76,16,430	84,80,049
	Amount not recognized as an assets	-	-
	Net (asset)/liability recognized at the year end	(7,48,089)	4,94,189
(iv)	Expenses recognized in the Profit and Loss Account		
	Current service cost	4,56,114	5,17,256
	Interest on defined benefit obligation	6,38,869	5,19,964
	Expected return on plan assets	(6,58,633)	(616,365)
	Net actuarial loss/(gain) recognized in the current year	4,25,693	11,83,621
(v)	Principal actuarial assumptions used		
	Discount rate (p.a)		7.5% - 8%
	Expected rate of return on plan assets (p.a)		8%
	Salary Escalation		5% - 6%
	Attrition rate		1% - 3%

11) Quantitative Information

	As at 31 st March, 2010		As at 31 st March, 2009	
a. Capacities & Production				
i) Licensed Capacity	N.A.		N.A.	
ii) Installed Capacity (Assorted sizes)	74,50,000 KVA per annum (7450 MVA)		74,50,000 KVA per annum (7450 MVA)	
iii) Actual Production	18,34,835 KVA (1168 Nos)		31,01,388 KVA (663 Nos)	
	Qty	Value (Rs.)	Qty	Value (Rs.)
b. Details of Closing Stock of Finished Goods	-	-	-	-
Opening Stock of Finished Goods	-	-	-	-
c. Net Sales	1128 (Nos.)	98,09,02,298	663 (Nos.)	206,73,85,985
d. Details of Raw Materials consumed				
i) Ferrous Materials	25,51,915 (Kgs)	35,88,36,002	34,03,435 (Kgs)	54,02,57,004
ii) Non – Ferrous Materials	7,43,981 (Kgs)	21,73,90,494	9,70,319 (Kgs)	30,81,04,322
iii) Transformer Oil	16,84,624 (Ltrs.)	5,95,05,103	23,75,104 (Ltrs.)	12,07,34,138
iv) Others	-	18,69,64,926	-	28,02,48,330
		82,26,96,525		124,93,43,794

	AS AT 31.03.2010	AS AT 31.03.2009
	Rs.	Rs.
12) Value of Imports on CIF Basis		
Raw Materials	8,10,53,045	3,72,04,262
Capital goods	9,412	5,08,83,330
13) Earnings in foreign exchange		
FOB Value of exports	1,05,53,292	16,90,97,937
14) Expenditure in Foreign Currency		
Commission payments	–	64,32,240
Royalty payments	70,630	32,000
Foreign Travel	27,088	9,02,975
15) Value and Percentage of Consumption of Imported and Indigenous Raw Materials and Components		
(a) Value of Imported and Indigenous		
Raw materials consumed		
Imported	5,95,97,044	5,45,33,625
Indigenous	76,30,99,481	119,48,10,169
	82,26,96,525	124,93,43,794
(b) Percentage of total consumption (%)		
Imported	7.25	4.36
Indigenous	92.75	95.64
16) The Company does not have any reportable segments as required to be disclosed.		
17) As required by the Accounting Standard 20, the computations of basic and diluted EPS are as follows:-		

Details	Unit	2009-10	2008-09
a. Amount used as Numerator is Profit after Taxation	Rs.	(8,03,04,185)	38,97,08,284
b. Weighted Average number of Equity Shares used as the denominator	Nos	1,06,20,000	1,06,20,000
c. Nominal Value of Shares	Rs.	10	10
d. Earnings per Share (Basic/diluted)	In Rupees	(7.56)	36.70

18) Contingent liabilities not provided in respect of :-

S.No	Particulars	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
1.	Bank Guarantees issued	53,87,21,630	37,18,32,220
2.	Disputed Interest & Penalty on excise duty against which appeal is pending with Appellate Authority Financial Year 2005-06	–	35,30,470
3.	Disputed Demand of Service Tax, Interest & Penalty on GTA services against which appeal is pending with Appellate Authority Financial Year 2006-07	1,59,253	1,59,253
4.	Disputed Customs Duty case against which appeal is pending with Appellate Authority Financial Year 2005-06	–	14,17,317
5.	Disputed Sales Tax (TNGST/CST) demands against which appeal is pending against various authorities, for 1996-97/2000-01/ 2001-02	4,57,225	6,80,655
6.	Disputed Income Tax case against which appeal is pending with Commissioner Appeals Assessment year 2005-06	18,79,032	18,79,032
7.	Disputed Income Tax case against which appeal is pending with Commissioner Appeals Assessment year 2006-07	63,34,963	63,34,963
8.	Labour case pending in the court	1,11,812	1,11,812
9.	Penalty levied by JDGFT, Chennai*	2,18,79,876	2,18,79,876

(* Refer Note No. 5)

19) Related party disclosures

As identified by the company and relied upon by the Auditors, the related parties are as follows:-

Name of the related party	Relationship
PROLEC-GE INTERNACIONAL, S. de R.L. de C.V	Holding Company
GE INDIA INDUSTRIAL PRIVATE LIMITED	Associate Company
GE INTERNATIONAL INC	Associate Company
Sivasakthi Engineering & Fabricators – Upto 18th May 2009	Associate Firm
Key Management Personnel	
Mr. Manuel Hernandez Bravo – Chief Executive Officer w.e.f. 18th May 2009	
Mr. P.E.Subramanian – Chairman & Managing Director – Till 18th May 2009	
Mr. P.S. Jagdish – Executive Director – Till 18th May 2009	
Mr. P.S. Shekar – Director Operations – Till 18th May 2009	

Description of amounts with respect to related parties:

Nature of Transactions	As on 31.03.2010			As on 31.03.2009	
	Holding Company	Associate Companies and Firm	Key management Personnel	Associate Companies and Firm	Key management Personnel
Rent paid	-	-	-	24,000	14,40,000
Managerial remuneration	-	-	4,08,597	-	2,22,01,797
Commission	-	1,43,54,944	-	-	1,81,14,272
Service Charges	-	1,56,10,881	-	-	-
Reimbursement of Expenses	50,56,162	-	-	-	-

20) Deferred tax liability represents :

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Deferred tax liability:		
Depreciation difference	6,13,48,706	4,75,31,243
Deferred tax asset		
Carried forward loss	(4,88,30,915)	-
	<u>1,25,17,791</u>	<u>4,75,31,243</u>

21) Sundry Creditors:

Micro, Small and Medium Enterprises under the Micro Small & Medium Enterprises Development (MSMED) Act 2006: Based on the information available with the company there was no creditors as on 31st March 2010 who had registered under MSMED Act.

22) Schedules 1 to 18 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

23) Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

As per our report of even date attached

for **G. BALU ASSOCIATES**
Chartered Accountants
RAJAGOPALAN, B.
Partner
Membership No. 217187
Firm Registration No. 000376 S

Place : Chennai
Date : 14th May, 2010

For and on behalf of the Board

Jorge Sepulveda Director	Jorge Lozano Chairman
N. Nambi Rajan Financial Controller & Company Secretary	S. Nagarajan Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extraordinary Items	(11,53,17,637)	58,91,93,331
Adjustments for :		
Depreciation	3,86,53,468	3,91,70,800
Loss on Sale of Assets	49,05,770	2,14,37,419
Loss on Investments	-	4,62,000
Interest Income	(1,05,90,514)	(1,23,97,787)
Dividend received	(1,34,06,824)	(2,45,38,072)
Interest expenses	2,33,40,819	2,80,90,194
Exchange Fluctuation (Gain)	(32,63,248)	(12,15,873)
	3,96,39,471	5,10,08,681
Operating Profit before Working Capital Changes	(7,56,78,166)	64,02,02,012
Adjusted for :		
Trade & Other Receivables	10,12,24,833	10,23,81,835
Inventories	(8,45,16,621)	(2,02,22,230)
Loans & Advances	(53,65,654)	(58,13,998)
Trade & Other Payables	(11,85,40,198)	(10,52,28,341)
	(10,71,97,640)	(2,88,82,734)
Cash generated from Operations	(18,28,75,806)	61,13,19,278
Income Tax Paid	(2,98,00,939)	(19,61,59,283)
Add: Income Tax Refund	-	29,41,527
Add: Extraordinary Item (Insurance Claim received)	-	28,72,628
	(21,26,76,745)	42,09,74,150
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets (Net)	(2,19,15,731)	(10,00,30,978)
Sale of Fixed Assets	55,47,402	4,94,97,809
Purchase of Investments	(25,00,00,000)	(172,05,77,628)
Sale of Investments	72,56,06,526	153,53,59,483
Interest Income	1,05,90,514	1,23,97,787
Dividend received	1,34,06,824	2,45,38,072
	48,32,35,535	(19,88,15,455)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Procurement of Term Loan	-	5,87,67,474
Repayment of Term Loan	(6,20,72,780)	(5,68,19,616)
Exchange Fluctuation (Gain)	32,63,248	12,15,873
Repayment of Sales tax loan	(17,10,239)	-
Procurement of HP Loan	80,10,082	(14,31,000)
Interest Paid	(2,33,40,819)	(2,80,90,194)
Dividend Paid	-	(22,86,20,727)
	(7,58,50,508)	(25,49,78,190)
D. Net Increase/(Decrease) in Cash & Cash Equivalents:	19,47,08,281	(3,28,19,495)
Opening Balance of Cash and Cash equivalents	11,87,04,483	15,15,23,978
Closing Balance of Cash and Cash equivalents	31,34,12,764	11,87,04,483
	(19,47,08,281)	3,28,19,495

Note : 1. The above statement has been prepared using the indirect method as described in AS - 3 issued by ICAI.

2. Cash and Cash equivalents include Unclaimed dividends of current and earlier years.

As per our report of even date attached

for **G. BALU ASSOCIATES**
Chartered Accountants
RAJAGOPALAN, B.
Partner
Membership No. 217187
Firm Registration No. 000376 S
Place : Chennai
Date : 14th May, 2010

For and on behalf of the Board

Jorge Sepulveda Director	Jorge Lozano Chairman
N. Nambi Rajan Financial Controller & Company Secretary	S. Nagarajan Chief Financial Officer

Balance Sheet Abstract and Company's General Business Profile
Information as required under Part IV of the Schedule VI of the Companies Act, 1956.

I. Registration details

Registration No.			2	2	0	1	1	State Code		1	8
Balance Sheet Date	3	1	0	3	2	0	1	0			

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	-	-	-	-	-	-	-	Rights Issue	-	-	-	-	-	-	-
Bonus Issue	-	-	-	-	-	-	-	Private Placement	-	-	-	-	-	-	-
								Others	-	-	-	-	-	-	-

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities	1	4	8	8	5	4	9	Total Assets	1	4	8	8	5	4	9
-------------------	---	---	---	---	---	---	---	--------------	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital		1	0	6	2	0	0	Reserves and Surplus	1	2	7	3	5	2	5
Secured Loans			7	4	8	8	1	Unsecured Loans			2	1	4	2	5
Deferred Tax Liability			1	2	5	1	8								

Application of Funds

Net Fixed Assets		7	9	3	9	9	4	Investments			1	4	0	7	6
Net Current Assets		6	8	0	4	7	9	Miscellaneous Expenditure					-	-	-
Accumulated Losses					-	-	-								

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover (Gross)	1	0	0	9	9	9	3	Total Expenditure	1	1	2	5	3	1	1
Profit / Loss Before Tax (+/-) -		1	1	5	3	1	8	Profit / Loss After Tax (+/-) -			8	0	3	0	4
Earnings per Share (Rs.P) (-)				7	.	5	6	Dividend Rate %							-

V. Generic Names of Four Principal Products / Services of Company (as per Monetary terms)

Item Code No. (ITC Code)	Product Description
850421	Distribution Transformers
850423	Power Transformers

For and on behalf of the Board

Jorge Sepulveda
Director

Jorge Lozano
Chairman

N. Nambi Rajan
Financial Controller &
Company Secretary

S. Nagarajan
Chief Financial Officer

This page is intentionally left blank

INDO TECH TRANSFORMERS LIMITED

Registered Office : DP-36 SIDCO Industrial Estate, Thirumazhisai, Chennai – 602 107.

PROXY

No. of Shares held :

Regd. Folio No. :
(if not Dematerialised)

DP ID No. :
(if Dematerialised)

Client ID No. :
(if Dematerialised)

I/We _____ of _____
_____ being a Member / Members of Indo Tech Transformers Limited,
hereby appoint _____ of _____
_____ or failing him / her
_____ of _____
_____ or failing him / her _____ of _____
_____ as my / our Proxy

to vote for me / us and on my/our behalf at the 18th Annual General Meeting of the Company to be held on Friday, the 23rd July, 2010 at 12.15 p.m. at Pleasant Days (Resort), Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai 602 103, and at any adjournment thereof.

Signed this _____ day of _____ 2010

**Please
affix
Revenue
Stamp**

Signature

Note: An instrument appointing a Proxy shall be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting. A proxy need not be a member of the Company.

INDO TECH TRANSFORMERS LIMITED

Registered Office : DP-36 SIDCO Industrial Estate, Thirumazhisai, Chennai – 602 107.

ATTENDANCE SLIP-CUM-ENTRY PASS

(PLEASE FILL IN THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL)

Name and address of the Shareholder : _____

No. of Shares held :

Regd. Folio No. :
(if not Dematerialised)

DP ID No. :
(if Dematerialised)

Client ID No. :
(if Dematerialised)

I hereby record my presence at the 18th Annual General Meeting of the Company held on Friday, the 23rd July, 2010 at 12.15 p.m. at Pleasant Days (Resort), Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai 602 103.

* Strike out whichever is not applicable.

Book Post
(Under Certificate of Posting)

If undelivered please return to

Indo Tech Transformers Limited

Secretarial Department

DP:36 SIDCO Industrial Estate

Thirumazhisai

Chennai - 600 124